CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

COLLÈGE DE SAINT-BONIFACE

SAINT BONIFACE, MANITOBA, CANADA

COLLÈGE DE SAINT-BONIFACE

Consolidated Financial Statements
For the Year Ended March 31, 2003

104-01483/

COLLÈGE DE SAINT-BONIFACE

Consolidated Financial Statements
For the year ended March 31, 2003

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Collège de Saint-Boniface
Annual Report

Preamble

This is the first year Collège de Saint-Boniface (CSB) has provided commentary on its annual audited financial statements. The format of the statements and the notes to the financial statements have been amended to enhance disclosure, and the approach taken to one aspect of CSB's accounting, deferred contributions, has been amended. Among the recommendations made by the Auditor General of Manitoba arising out of his 2002-2003 review of CSB, was that CSB enhance its financial reporting and amend its accounting approach, and the Board of Governors has enthusiastically responded.

The annual financial statements of Canadian universities and colleges follow generally accepted accounting principles (GAAP) for not-for-profit organizations. As GAAP provides a reporting framework infrequently employed for budgeting purposes in the post-secondary sector, CSB, similar to most other universities, has previously not ascribed to its annual audited financial statements the importance generally found in the private sector. A major part of the problem with GAAP for not-for-profit organizations is that GAAP permits more than one type of format, creating difficulties when comparisons with other organizations are attempted.

Nevertheless, CSB has taken the first step towards making its annual financial statements more accessible to the general community. As GAAP for not-for-profit organizations is amended by Canada's Accounting Standards Board, improvements will be adopted in future years.

Introduction

Founded in 1818, incorporated in 1871, and affiliated with the University of Manitoba, CSB is Western Canada's oldest post-secondary institution, representing the French fact outside of Quebec as one of the basic elements of Canada.

The Collège is Canada's oldest French-language post-secondary institution west of Quebec. Guided by its historical past within a Manitoba context, and conscious of its leadership role within the French community of Manitoba, CSB provides high quality education and training while supporting French culture.

Offering university, community college and continuing education programming, CSB's approximately 150 faculty and support personnel provide Manitoba anglophones, francophones and allophones an opportunity to earn a quality post-secondary education in a French milieu without leaving the province. The French language has an official status in Manitoba and the Collège's programming allows students to prepare themselves for leadership roles in the modern and diverse society that is Manitoba and Canada.

Funded by both the provincial and federal governments, CSB has enjoyed substantial growth over the past five years, particularly in the academic program areas of Business Administration, Nursing, Education, Multimedia, Tourism and Canadian Studies. The Collège offers Bachelor's degrees in Arts, Science, Education and Business Administration, as well as Masters degrees in Education and Canadian Studies. A significant number of the Collège's graduates continue their studies at the professional and graduate levels, and many of Manitoba's bilingual physicians, dentists, engineers, scientists, teachers, civil servants, lawyers and accountants are alumni of CSB.

The community college segment within the Collège (L'École technique et professionelle) offers eight programs in a variety of areas, including Business Administration, Multimedia, Tourism and Nursing. The Continuing Education Division, in operations since 1977, provides educational services and training to approximately 3,500 students annually. Both the Collège's community college and continuing education divisions serve the interests of the business community as well as the requirements of the general public.

Among its approximately 1,000 full-time equivalent university and community college students are students from France, Senegal and other international locations. These students interact with Canadian students, enhancing the educational experience of all and contributing to the development of well-rounded bilingual graduates for the Manitoba economy and wider society.

CSB has earned the respect of its students and alumni for placing a higher priority on academic programming and student services than on administrative processes. Committed to its academic mission, the Collège has a very lean administration; enrolment increases have not been matched by increases in administration complement.

The Collège had another successful year in fiscal year 2002-2003, the last year of Dr. Paul Ruest's twenty-two year tenure as President. CSB's new President, Raymonde Gagné will build on the successes of the past while guiding CSB through new challenges and further expansion with the assistance of her colleagues in the Administration and on the Board.

Organization

A special Act of the Manitoba legislature provides CSB's charter.

The Collège is an autonomous educational institution affiliated with the University of Manitoba. CSB's academic programs are subject to the approval of its *Conseil de direction des études* (the Senate), the Senate of the University of Manitoba, and the Council on Post-Secondary Education (COPSE).

The administration of CSB is led by its President, who is responsible to the Board of Governors. The Board of Governors performs its responsibilities either as a whole or through three standing committees (Executive, Finance and Personnel). The Board plans

to establish a separate Audit Committee; currently the Board's Finance Committee performs these functions.

The Board, drawn from the community it serves, has overall responsibility for the financial and administrative aspects of the Collège. Among its other duties, the Board establishes policies and the budget, delegates authority to the President and provides oversight of operations.

The members of the Board of Governors as of June 30, 2003 were:

Baharmand, Sacha	CUSB Students' Association	Member
Beaudoin, Pierre	Diocese of Saint Boniface	President
Campeau, Paul	Diocese of Saint Boniface	Member
Charrière-Ndiaye, Pauline	Board appointment	Member
Chartier, Richard	Société franco-manitobaine	Member
Fontaine, René	Société franco-manitobaine	Member
François, José	Board appointment	Vice-president
Gagné, Raymonde	De facto	Rectrice
Rivers, Bryan	Association of university professors	Member
Roch, Lisa	Association of professors of the ETP	Member
Rowe, Yvonne	Board appointment	Member
Sabourin, Brigitte	Board appointment	Member

CSB's operations have two main components, academic and administrative. The academic component is comprised of the university sector, itself divided into two units, the Faculty of Arts, Science and Business Administration and the Faculty of Education, the École technique et professionnelle (ETP), being the Community College Division; a Continuing Education Division; and an Office of New Program Development. Student Services and all administrative operations are carried out in support of the academic programs of the Collège.

The President delegates authority to the Deans and the Directors, and together with these administrators provides the day-to-day administrative direction of the Collège. Compared to other post-secondary institutions, the Collège has a very small academic and administrative management team, and a low number of support personnel. While the leanness of CSB's administration contributed to the policy and documentation issues that were the subject of recommendations by the Auditor General of Manitoba, it has saved the Collège millions of dollars over the years.

If CSB was to emulate the administrative structure of other universities and colleges, perhaps twenty new administrative positions would be created, at significant costs. As it has been, dollars saved in administrative operations over the last decade have either been re-allocated to academic and student services operations, or saved in the Collège's internally restricted fund balances.

Notwithstanding the economic and academic benefits derived from a lean administration, the Board agrees with the Auditor General that the Collège's growth and complexity suggest increased attention to administrative matters is warranted, and will take action in this regard in the current year.

CSB's internal controls have depended in large part on administrators and staff whose service has been longstanding and trustworthy. Notwithstanding the adjustments that are required to meet the Auditor General's criticisms, this justifiable reliance on employees will continue; the Board and the administration of the Collège are as one with respect to their dedication to the mission and objectives of the Collège.

Academic Programs

The Collège's undergraduate and masters degrees require three to five years of full-time post-secondary programming. The Collège's community college division's programs have onerous completion requirements, one full year of course work for a certificate program and two full years for a diploma.

One indication of a post-secondary institution's success is enrolment levels. While many of Manitoba's post-secondary institutions experienced enrolment declines during the 1990s attributable to demographic and economic environment changes, the Collège enjoyed enrolment increases in virtually all programming areas. Enrolment growth is expected to continue as CSB's programs broaden, and CSB's reach extends.

Enrolment Statistics by Sector			
	1997/98	**2001/02**	**2002/03**
Regular Enrolment			
University Students	508	778	872
Percent	82%	81%	82%
Community College Students	115	188	188
Percent	18%	19%	18%
Total Regular Enrolment	**623**	**966**	**1060**
Percent	**100%**	**100%**	**100%**
Continuing Education			
Francophone Clients	695	1,736	1,915
Anglophone Clients	2,433	1,794	1,789
Continuing Education, course registrations	**3,128**	**3,530**	**3,704**

Over the five years ended March 31, 2003, regular student enrolment rose by 70% (9.7% in 2002-2003). Of CSB's aggregate enrolment, 82% are enrolled in university courses, 18% in community college programs. As well, enrolment in continuing education courses

has risen by approximately 18% over the five years ended March 31, 2003 (5% in 2002-2003).

One of the reasons that CSB has performed so admirably in its enrolments is the expansion of its programming and recruitment effort to involve students that in the past would not have thought of attending. The number of International and landed immigrant students has increased substantially over the past five years, as has the number coming from French immersion high schools in Manitoba . CSB has the highest proportion of international students in its student population of any post-secondary institution in Manitoba, and perhaps the highest in Western Canada, if not Canada overall. In addition, the mix of francophone and anglophone students has changed, with a higher number of anglophones now attending.

Through these enrolment increases and the increasing diversity of its student population, CSB has become more cosmopolitan, further enhancing the academic experience of students and improving the attractiveness of the Collège to new faculty.

Other factors contributing to the Collège's enrolment growth were the additional programming enabled by COPSE and the federal-provincial agreement, the tuition fee freeze, and the additional bursary and scholarship support implemented by government. The support of COPSE and the special federal-provincial funding agreement facilitated CSB offering a Bachelor of Business Administration. With this program, CSB is better able to serve its student population and community, particularly Manitoba business and the public sector. Bilingual graduates are in high demand in business and the public service.

The federal-provincial funding agreement also provided for the development of a Multimedia diploma, supported by a state of the art Multimedia Centre; and the exploration of learning technologies through the offering of a Masters of Art in Canadian Studies via the internet. As well, the agreement contributed to the Collège's support of its students, along with facilitating improvements to existing academic programs and support services. The over-riding objective of the agreement was to increase the Collège's usefulness to the full spectrum of Manitoba society, which goal is being met.

The freeze on tuition fees was implemented by the provincial government in the fall of 2000, and was accompanied by an initial 10% decline; the lower fee levels have been in force since. Manitoba has the third-lowest tuition fees in Canada, making it easier for students and their families to afford post-secondary education enhancing career prospects and societal economic growth.

In the fall of 2002, the *Centre d'étudiants* (Student Centre) was completed, a project that began in 2001 and involved $4.829 million. The overall project included the development of additional classrooms and faculty offices. Of the funds expended, the federal and provincial governments contributed $2.17 million each, and CSB utilized $489,000 of its unrestricted fund balance. The Centre provides space for a students' radio station, a cafeteria, a performance space and study areas with computer access.

In 2002-2003, CUSB entered into an agreement with the University of Ottawa to provide a Bachelor of Nursing program at CSB. Upon successful completion of three years of study, the Nursing Diploma is granted by CSB (upon recommendation by ETP). The Bachelor of Nursing degree is granted after the fourth year by the University of Ottawa upon recommendation by CSB. All four years are offered on site in Manitoba. This program will support the healthcare system in Manitoba, which is in great need of bilingual healthcare professionals. Enrolments to date have been encouraging.

Financial Operations – General Operations Fund

Through prudent budgeting and continual monitoring of expenditures, assisted by the increased tuition revenue associated with continued enrolment growth, the Collège recorded an excess of revenue over expenses, before extraordinary items, of $1,188,000 in the General Operations Fund for fiscal 2002/03. Of this excess, $805,000 was expended on capital assets, half of which represented CSB's operating contribution to the Student Centre.

The positive balance on normal operations (the $1.188 million) was enhanced by an extraordinary gain of $939,000, mainly attributable to the successful outcome of property tax appeals registered in prior years. The excess of revenue over expenses (including the extraordinary items) not expended on capital assets, i.e. $1,323,000, comprises the majority of the $1,439,000 unrestricted net asset balance as of March 31, 2003. This balance would be used in part to meet the cost of an investment in administrative and research functions to be made in fiscal 2003-2004, in response to the Auditor General's recommendations.

Government grants, federal and provincial, provided approximately 75% of the revenue received by CSB's General Operation Fund in 2002-2003. Of the $12.4 million provided by government, the Government of Manitoba provided $8.965 million, the remainder being transmitted by the Government of Canada. Of total revenue from government, $3.6 million was provided by Manitoba and Canada, 50% each, with respect to the final year of the 1998-2003 joint federal-provincial special agreement.

The increase in tuition fees experienced in 2002-2003 was moderated by the continuing freeze on tuition fees in Manitoba, this freeze a contributing factor to the enrolment increase. As part of the Government of Manitoba's contribution to the Collège's programming, the government is phasing out property taxes on universities. In 2002-2003, CSB's property tax levy fell from $429,000 to $342,000. It is clear from the continuing freeze on tuitions and the property tax phase-out that the provincial government understands the value of post-secondary education to society.

Overall operating expenses rose by 10% in 2002-2003. Factors contributing to the increase include: personnel increases related to expanding enrolments; the terms of the collective agreement; inflationary increases in the general economy. CSB's annual expenditures reflect the requirement to staff and service academic programs that meet quality standards, regardless of the enrolment levels of particular courses.

It is relatively expensive to provide quality programming in French. Manitoba's francophones are only 4.6% of the total population, and only a small portion fit the age demographic and location parameters that are linked with post-secondary attendance. Anglophone students attending the Collège generally come from high school immersion programs. The francophone population of Manitoba is, itself, relatively static, which translates into a relatively small pool of prospective students for the Collège. This means class sizes are relatively small. The Collège's academic programs require a minimum number of academic departments (disciplines), courses and professors, irrespective of the number of students enrolled.

Typically, university professors specialize in a single discipline, and often in a particular area of study within a discipline. At the university level, rarely does one professor teach and research in several different disciplines. The Collège must ensure that all disciplines are represented in its undergraduate programming, so as to provide a solid educational experience for its students. Salaries and benefits, at 70% of the overall operating budget, represent the largest component of costs, and the majority of these relate directly or indirectly to academic programming. Ongoing operations require a basic core of services, and CSB strives to provide a solid institutional framework to support its mandate in the areas of teaching, training, research and community service.

Fundamental administrative elements in any university include such areas as financial management, human resources, admissions and records, student orientation and counseling, library services, information technology and networks, physical plant maintenance and security, and library services. These are essential services, notwithstanding the Collège's operating philosophy of relying on a lean administration to allow for an academic programming focus.

During the fiscal year under review, CSB enjoyed the fourth year of five year collective agreements with its faculty and support staff. Long-term agreements provide confidence when planning for continued program and enrolment growth. The recruitment and retention of qualified and effective academics, tasks at which the Collège has been successful, are critical successes for the Collège. CSB is fortunate to have a solid roster of well-qualified faculty, who are committed to their students and their academic disciplines.

CSB increased its investment in student scholarships and bursaries by 3% in the year, and contributed to the development of the Student Centre as well. As the Collège's endowment funds were insufficient to produce enough investment income to meet the need for scholarships, bursaries and student infrastructure, operating revenues were utilized to fill the gap. Some of this revenue arose from investment earnings on internally restricted funds, which are held for this purpose. Over time, CSB intends to increase its endowment funding, to reduce the demand on operating revenue and to allow for further enhancement of its student-orientated expenditures.

Financial Operations – Endowment and Capital Asset Funds

Gifts, grants and bequests rose in 2002-203, more than fully accounted for by the consolidation into the accounts of CSB of a separately administered endowment fund. Taking this consolidation into account, general donations fell by approximately $100,000, which can be accounted for by the competitive fund-raising conditions in Manitoba and the need to pursue CSB's plan for a major fund-raising campaign.

Investment revenue fell by 10%, including the portion allocated to the Endowment Fund. The decline took place due to falling short-term and bond interest yields. CSB is very conservative in its investment approach (an understandable stance given market conditions since 1997). The Capital Asset Fund climbed by $2.157 million, the result of grants totaling almost $3 million from the two senior levels of government, less amortization on capital assets in place.

Statement of Financial Position

Net assets rose by approximately $5 million, which was largely attributable to grants for capital asset construction, the extraordinary gain in the General Operations Fund cited above, an increase in the Endowment Fund of approximately $650,000 and the excess of revenues over expenses from normal operations transferred to internally restricted funds. The balance of unrestricted net assets of $1.439 million represents 7% of total fund balance. Internally restricted net assets (funds) are held to provide income and to meet future events and contingencies.

Cash and cash equivalents rose by 5% over the course of the year, and were $19,379,000 as of March 31, 2003. These funds are invested in marketable short-term investments and bonds and produce investment income at an approximate annual yield of 5%. The Endowment Fund and the General Operations Fund share investment income on the basis of proportionate fund balances.

Discussion

Financial strength and stability is of particular importance to the Collège. Pursuant to Board policy, the Collège avoids deficit budgeting, and commits to new programming upon assurances of matching revenue. Accordingly, the Board adopted a policy establishing internally restricted funds to meet known and contingent requirements, and transferred sufficient funds from unrestricted funds to establish a number of internally restricted fund accounts.

The previous practice was to maintain CSB's reserves with the unrestricted fund balance. This new approach of establishing separate internally restricted funds for each identified future requirement was adopted to address concerns raised by the Auditor General with respect to documenting the Board's approaches.

The new approach is in accordance with generally accepted accounting principles, and emulates the approach taken by other universities and colleges.

The primary internally restricted fund balances as of March 31, 2003 were:

a) Funds held to assist in the awarding of student scholarships and bursaries;
b) Funds held for the purpose of the future construction of a student residence;
c) Funds held to meet the future cost of fundraisings; and
d) Funds set aside to meet the risk of a future cost-revenue imbalance arising as a result of a reduction in grants or an unexpected decline in other revenue.

With respect to student scholarships and bursaries, as with other Canadian universities, CSB's endowment funds, Manitoba Scholarship and Bursary funds, and annual donations are insufficient to produce sufficient student awards. As a result and as indicated, general operating revenue is required to meet the deficit.

Establishing an internally restricted fund of $2 million provides for investment earnings on this balance to meet approximately two-thirds of the currently identified gap between annual need and annual available funding. If the internally restricted fund balance held for this purpose was to be sufficient to meet the full deficiency, at current interest rates its balance would have to be $3 million or more, rather than the $2,000,000 held.

The internally restricted fund account held for the purpose of the construction of a student residence represents the Board's acknowledgement that government does not generally provide all the funds required to meet qualifying university capital projects; a contribution of at least 10% of the estimated project cost is required of the institution. Given the variety of demands on the proceeds of future fundraising, the Board considered it prudent to set aside some funds to meet the contribution that would be required of the Collège. Currently, CSB is able to provide only 5% of its student base with housing, and the demand is growing. International students make their enrolment decision based partially on the availability of student housing.

There are considerable costs required to mount a successful major capital fundraising campaign. To rely upon normal annual revenues to meet that requirement would be to risk either program cutbacks or the incurring of a deficit; neither of these outcomes being acceptable to the Board, a sum has been set aside to meet the anticipated cost of a future major fundraising campaign. The date of such a campaign has yet to be established. The determining factors include the presence of other major campaigns by other post-secondary institutions, the economic climate and adequate pre-campaign planning.

CSB implements new programs only upon the assurance of adequate grant support, but as most of the Collège's expenses are of a fixed nature and as future grants are contingent upon future approvals, there is always a risk that expenses will continue while revenues fall off. It would take time for the Collège to react to an unexpected revenue decline, and to avoid a risk to all programs, particularly core academic programs, the Board established an internally restricted fund balance to serve as a transitional funding source against the risk of such a future revenue decline.[1]

[1] A full listing of the accounts and balances of internally restricted net assets may be found in the notes to the financial statements.

The funds necessary to establish CSB's internally restricted fund balances came, as indicated, from the unrestricted fund balance, i.e. the accumulated excess of operating revenues over operating expenditures since the inception of the Collège.

The balance of the unrestricted fund balance from which the internally restricted fund accounts were established arose from:

a) an initial reserve balance at the time the Collège was ceded to the public by the Church;
b) a $200,000 payment made by the St. Boniface School Division to the Collège upon the school division canceling an arrangement that had existed in which the Collège provided some high school programming to the Division's students;
c) an accumulation of annual excess of operating revenue over expenditures resulting from careful budgeting and prudent expenditure decisions over many years (the Collège does not budget deficits, and avoids the practice of departmental spending to meet budget through late in the year expenditures on an annual basis);
d) extraordinary and one-time gains from property taxes avoided as a result of successful appeals; and
e) investment income on accumulated net assets.

While the magnitude of the internally restricted funds may appear significant, it is noteworthy that, at present investment earning rates, the annual income derived from these balances amounts to approximately $400,000, or 2.5% of annual cash flow.

Future Plans

While the Collège's programming has been expanded considerably during the term of the five-year joint federal-provincial funding agreement, significant gaps remain in post-secondary program offerings to francophone and anglophone immersion students seeking a post-secondary education in French. There is a country-wide need for bilingual graduates in all fields of social and economic activities, and until those programming gaps are filled problems will continue.

CSB will consult internally, with the Council on Post-Secondary Education, and with the two senior levels of government as to the next round of program expansion. Over the next years, CSB intends to develop a strategic plan to assist its internal, governmental and societal partners in determining programming priorities and funding requirements.

In terms of plans for future major capital expenditures, CSB intends to explore the following identified capital project priorities:

a) a new student residence;
b) additional space for research activities and faculty offices; and
c) additional classrooms and smart (new technology enabled) classrooms.

In addition to these plans, the Auditor General recommended a significant new investment in the Collège's administrative resources and processes. The Board is engaged in a review of implementation strategies to meet the auditor's recommendations without detracting from CSB's academic priorities and focus. These plans will involve discussions with government and require an increase in current government grant levels to be accomplished. As well, discussions are underway with the federal and provincial governments concerning a renewal of the 1998-2003 joint federal-provincial special funding agreement.

Acknowledgements

CSB has been well served by its faculty, staff and Board, and the contributions of all are sincerely acknowledged. The governance of universities is quite different from that found in other types of organizations, and the Board appreciates the collegial environment that exists wherein Board members, faculty, students and staff share in the overall responsibilities associated with the offering and support of academic programming. In particular, the efforts of its volunteer Board must be acknowledged. Board members are representative of the community served by the Collège, and the countless hours that members contribute to the necessary oversight and planning activities of the Collège are very much appreciated. Without the dedication of the Board, the Collège would never have enjoyed the success it has.

CSB would be remiss if the two levels of government, Manitoba and Canada, and the Council on Post-Secondary Education were not thanked for their on-going support of the Collège. The recognition of the value of Manitoba's French community to Manitoba displayed by the two senior levels of government, as shown by the annual operating and capital grants and the cooperation received with respect to programming approvals, is greatly appreciated.

In closing, on behalf of the Board of Governors of the Collège, we wish to express our gratitude to Dr. Paul Ruest. Dr. Ruest retired from his position as President of the Collège at the end of the 2002-2003 school year, after twenty-two years of service to the Collège, its students, personnel and community. The Collège's programs, infrastructure, enrolment, human resources and worldwide reach are far larger and more effective than was the case when Dr. Ruest took up the challenge.

The Collège looks forward to providing increased programs and service to the community in the future.

Pierre Beaudoin
Chairperson, Board of Governors

September 29, 2003

Raymonde Gagné, MBA
President

September 29, 2003

Collège universitaire de Saint-Boniface

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Collège de Saint-Boniface

Management Report

The Office of the Director of Finance and Human Resources is responsible for the preparation and presentation of the financial statements and accompanying notes. The financial statements are prepared in conformity with the accounting policies noted in the financial statements, and are reviewed and approved by the Board of Governors. The statements are examined by BDO Dunwoody LLP, whose opinion is included herein.

To fulfil its responsibility, the Collège maintains internal control systems to provide reasonable assurance that relevant and reliable financial information is produced.

Normand Collet, MBA
Director of Finance and Human Resources

September 29, 2003

BDO

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Auditors' Report

To the Legislative Assembly of Manitoba
To the Board of Governors
Collège de Saint-Boniface

We have audited the consolidated statement of financial position of **Collège de Saint-Boniface** as at March 31, 2003 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of **Collège de Saint-Boniface**'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of **Collège de Saint-Boniface** as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
September 26, 2003

COLLÈGE DE SAINT-BONIFACE
Statement of Financial Position

As at March 31	2003	2002
	$000	$000
Assets		
Current Assets		
Cash and Cash Equivalents (Note 3)	19,378	18,622
Accounts Receivable and Other Assets	1,863	2,025
	21,241	20,647
Capital Assets (Note 4)	9,839	6,742
	31,080	27,389
Liabilities and Fund Balances		
Current Liabilities		
Accounts Payable and Accrued Liabilities	2,655	2,503
Deferred Income	372	657
Deferred Contributions (Note 5)	1,721	2,952
	4,748	6,112
Fund Balances		
Unrestricted	1,439	8,011
Internally Restricted (Note 12)	9,070	1,175
Investment in Capital Assets	9,839	6,742
Endowment	5,984	5,349
	26,332	21,277
	31,080	27,389

Approved by Collège de Saint-Boniface Board of Governors on September 29, 2003.

Ginny Beaudoin, president

The accompanying notes are an integral part of these consolidated financial statements.

COLLÈGE DE SAINT-BONIFACE
Statement of Operations

For the Year ended March 31	2003	2002
	$000	$000
Revenues		
Federal Grants	5,245	3,519
Provincial Grants	10,135	9,034
Tuition Fees	2,563	2,485
Gifts, Grants and Bequests	772	622
Investment Income	937	1,038
Other Revenues	1,315	834
	20,967	17,532
Expenses		
Salaries	10,349	9,321
Employee Benefits	1,288	1,234
Supplies, Services and Other Expenses	3,461	3,064
Building, Utility and Related Expenses	286	267
Scholarships and Awards	449	436
Amortization of Capital Assets	808	698
Travel and Conferences	210	183
	16,851	15,203
Excess of Revenues over Expenses before Extraordinary Items	4,116	2,329
Extraordinary Items (Note 11)	939	-
Excess of Revenues over Expenses	5,055	2,329

The accompanying notes are an integral part of these consolidated financial statements.

COLLÈGE DE SAINT-BONIFACE
Statement of Changes in Fund Balances

For the Year Ended March 31, 2003

	Unrestricted	Internally Restricted	Investment in Capital Assets	Endowment	2003	2002
	$000	$000	$000	$000	$000	$000
Balance, Beginning of Year, as Previously Stated	8,011	1,175	6,742	5,349	21,277	18,136
Restatement of Prior Year (Note 13)	-	-	-	-	-	812
Restated Balance, Beginning of Year	8,011	1,175	6,742	5,349	21,277	8,948
Excess Revenues over Expenses	2,128	-	2,157	770	5,055	2,329
Transfers						
Capital Assets Purchased	(805)	-	940	(135)	-	-
Internally Restricted Fund (Note 12)	(7,895)	7,895	-	-	-	-
Net Change for Year	(6,572)	7,895	3,097	635	5,055	2,329
Balance, End of Year	1,439	9,070	9,839	5,984	26,332	21,277

The accompanying notes are an integral part of these consolidated financial statements.

COLLÈGE DE SAINT-BONIFACE
Statement of Cash Flows

For the Year ended March 31	2003	2002
	$000	$000
Cash Provided By (Used In) Operating Activities		
Excess of Revenues Over Expenses	5,055	2,329
Items Not Affecting Cash Flow		
Amortization of Capital Assets	808	698
Decrease (Increase) in Non-cash Operating Working Capital		
Accounts Receivable and Other Assets	162	459
Accounts Payable and Accrued Liabilities	152	(326)
Deferred Income	(285)	(87)
Deferred Contributions	(1,231)	(933)
	4,661	2,140
Cash Provided By (Used In) Investing Activities		
Capital Asset Additions	(3,905)	(1,971)
Cash Provided By (Used In) Financing Activities	-	-
Increase in Cash and Cash Equivalents	756	169
Cash and Cash Equivalents, Beginning of Year	18,622	18,453
Cash and Cash Equivalents, End of Year	19,378	18,622

The accompanying notes are an integral part of these consolidated financial statements.

As at March 31, 2003

1. Purpose of Collège de Saint-Boniface (CSB)

CSB is a Manitoba post-secondary institution operating under the authority of An Act to Incorporate the Collège de Saint-Boniface, 1871, as subsequently amended. CSB is subject to the authorities residing in the Council on Post-Secondary Education, and affiliated with the University of Manitoba; its degrees and diplomas are issued in the names of both institutions.

The primary role of CSB is to provide post-secondary education and training in the humanities, sciences, social sciences, and other areas of human intellectual, cultural, social and physical development in French. The objectives of the CSB are as follows:

a) to promote higher education for the francophone student population;
b) to promote French culture by providing a French milieu as an integral part of the French community;
c) to provide leadership for the French community of today and tomorrow, continuing the process of more than a century of contribution to the culture and education of Canada;
d) to promote the French fact as a basic element of a Canada which recognizes an equal partnership between the two founding races; and
e) to provide the opportunity for students from Anglophone universities and high school immersion programs, sufficiently fluent in French, of furthering their studies in a French milieu.

CSB is a registered charity and is therefore exempt from the payment of income tax, pursuant to Section 149 of the Income Tax Act.

2. Summary of Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. CSB has adopted the fund accounting methodology, and the restricted method of recognizing contributions. Restricted contributions are recognized as revenue in the year in which expenses are incurred. Unrestricted contributions are recognized as revenue when received. Endowment contributions are recognized as direct increases in net assets, as are contributions providing for the acquisition and development of capital assets.

L'Oeuvre des Bourses du Collège de Saint-Boniface, an endowment administered by CSB, has been consolidated with CSB.

CSB has three funds: General Operations, Endowment and Capital Assets.

General Operations accounts for CSB program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants. It includes the following operations and activities:

- university (Universitaire);
- community college (École technique et professionnelle);
- continuing education (Éducation permanente);
- Institut Joseph-Dubuc;
- Centre d'études franco-canadiennes;
- special projects and certain general administrative operations, i.e. IT operations and Multimedia Centre (Fonds administratifs);
- Restricted contributions for research and special purposes other than capital asset acquisition and development; and
- Internally restricted funds.

The Endowment Fund reports the resources contributed for endowment, being for student awards such as bursaries and scholarships. Investment income earned on resources of the Endowment Fund, which are co-mingled with the assets of the General Operations Fund, is reported in the Endowment Fund.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which are:

Buildings and improvements	60 years
Equipment, furniture and furnishings	10 years
Information Technology equipment and software	5 years

Library acquisitions (books, periodicals, video, audio, etc.) are catalogued and expensed in the year of acquisition. The collection of rare books, most donated, are inventoried and insured, but not recorded and amortized as capital assets. If library acquisitions were recorded as capital assets and amortized over a period of ten years, it is estimated that the recorded cost would be approximately $3 million, with the unamortized balance being approximately $400,000. No estimate of the cost of collections is available.

Gift-in-kind are occasionally donated to CSB, but the value of the gifts are not reported as donations, nor are the asset values reported and amortized as capital assets. Such gifts are estimated as having been immaterial in the last two years, and not significant in prior years.

Amortization expense is reported in the Capital Asset Fund.

Inventories

Purchases of supplies are expensed in the year of acquisition, inventories are considered immaterial and not recorded at year-end. CSB contracts out food services and does not operate a bookstore.

Investments

Investments are recorded at the lower of cost and market value.

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the General Operations Fund in the year in which the related expenses are incurred, or the project or activity is completed. All other restricted contributions are recognized as revenue of the appropriate restricted fund, being either the Endowment or Capital Asset fund.

Unrestricted contributions are recognized as revenue of the General Operations Fund in the year received.

Contributions for endowment are recognized as revenue in the Endowment Fund. Investment income earned on Endowment Fund resources, whether restricted or unrestricted, is recognized as revenue of the Endowment Fund. As the purpose of contributions to the Endowment Fund is to provide student awards such as bursaries and scholarships, and as investment income earned on resources contributed for these purposes are related, the Endowment Fund in its entirety is considered an externally restricted fund, not to be used for any purpose other than for student awards.

Other investment income, as earned on non-Endowment resources, is recognized as revenue of the General Operations Fund.

Internally Restricted Funds

The Board of Governors have established provisions for various known and unexpected purposes, events and circumstances. These provisions represent transfers of unrestricted net assets from the General Operations Fund.

Each year, the Board makes determinations as to withdrawals from and additions to these provisions. A Board policy governs the process of establishing, discontinuing, adding to and withdrawing from these provisions.

Contributed Services

Volunteers contribute hundreds of hours per year to assist CSB programs and activities. Notwithstanding the substantial value of these services, because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

3. Cash and Cash Equivalents

Cash and cash equivalents are summarized as follows:

	2003	2002
	$000	$000
Cash	297	88
Short-term investments *	19,081	18,534
	19,378	18,622

* Includes deposit receipts, treasury bills, coupons, and government bonds.

The fair market value of the short-term investments at March 31, 2003 is $19,318,000 ($18,373,000 in 2002).

4. Capital Assets

			2003	2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$000	$000	$000	$000
Buildings and Improvements	13,830	6,723	7,107	4,333
Equipment, furniture and furnishings	2,908	1,263	1,645	1,236
Information technology, Equipment and Software	6,429	5,342	1,087	1,173
	23,167	13,328	9,839	6,742

5. Deferred Contributions

Deferred contributions represent contributions received for projects and similar endeavours, and unspent funds for externally restricted purposes. Changes in the deferred contributions are as follows:

	2003	2002
	$000	$000
Balance, beginning of year	2,952	3,885
Contributions received	766	988
Transfers to revenue	(1,997)	(1,921)
Change in year	(1,231)	(933)
Balance, end of year	1,721	$2,952

6. Employee Benefit and Pension Plan Obligations

Employee future benefits other than pension represent medical, dental and life insurance and disability plan commitments, met jointly through premiums to insurers by CSB and its employees. CSB has a self-insured short-term disability plan, and meets these costs as absences due to illness or accident arise. Faculty study and sabbatical leaves are expenses in the year taken. CSB accrues a liability for the future vacations of its faculty and other personnel, and with respect to administrative leaves.

CSB's pension plan is a money-purchase plan; its required contributions to these plans represent CSB's full obligation, and there is no contingent liability related to the investment performance of the plan.

The Board of Governors is committed to consider amending the pension plan to include a minimum annuity provision related to length of service and past earnings of employee members of the plan.

The Board has set aside $1,100,000 as an internally restricted fund to provide for an amendment, subject to research as to feasibility. The research will be undertaken in fiscal 2003-2004; no estimate is currently available as to whether the funds set aside will be sufficient to facilitate the implementation of the proposed amendment.

7. Financial Instruments

The financial instruments of CSB consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that CSB is not exposed to significant interest, currency or credit risks arising from these financial instruments. CSB has not purchased financial derivatives, either as current or interest rate hedges or positions.

8. Commitments

CSB has lease obligations that cover equipment integral to operations. The lease obligations expire at various dates over the next five years. These lease contracts require annual payments of less than $100,000 per annum.

9. Property Taxes

Property taxes were $342,253 (2002-2003) and $428,820 (2001-2002). In 2001, the Government of Manitoba announced the phasing out of property taxes on universities over a five year period; provincial grants were not reduced.

10. Endowment – L'Oeuvre des Bourses du Collège de Saint-Boniface

As of March 31, 2003 an endowment administered through L'Oeuvre des Bourses du Collège de Saint-Boniface by CSB was consolidated within the accounts of CSB. The fund balance of the endowment of $286,635 has been combined with donations received by CSB during the year and reported as revenue of the Endowment Fund.

11. Extraordinary Items

An extraordinary increase in the General Operations Fund, of $939,000 was recorded in the year.

This gain arose mainly out of an appeal of prior years' property tax assessments. CSB obtained reassessments and recalculations with respect to three fiscal years, with an aggregate value of $834,000.

12. Internally Restricted Fund Balances

	Opening	Transactions Additions	Withdrawals	Closing
Endowment				
Research and Library	-	300	-	300
Bursary and Scholarship	-	2,000	-	2,000
French and English Support	-	500	-	500
Gift Matching	-	500	-	500
Non-building Capital Assets	175	135	-	310
	175	3,435	-	3,610

As at March 31, 2003

	Opening	Transactions Additions	Withdrawals	Closing
Special Purpose / On-going:				
Recruitment and Marketing	-	60	-	60
Administrative Restructuring	-	100	-	100
Equipment Repair and Replacement	-	300	-	300
Legal Contingency	-	500	-	500
Employee Contractual Provisions	-	300	-	300
	-	1,260	-	1,260

	Opening	Transactions Additions	Withdrawals	Closing
Future purpose:				
Pension Plan Amendment	1,000	100	-	1,100
Student Residence	-	1,000	-	1,000
Gift Matching	-	500	-	500
IT Security	-	100	-	100
Program Bridging	-	1,500	-	1,500
	1,000	3,200	-	4,200
Internally Restricted Funds	1,175	7,895	-	9,070

Internally restricted Endowment funds will be allocated interest at 5% per annum from April 1, 2003; this to protect the balances of the funds from inflation and provide an after-inflation increase in the balances.

Special Purpose On-Going funds are available to meet expenditure requirements in excess of annual budgeted allocations, subject to the Board of Governors. Future Purpose funds are available to (a) meet major future projects as additional funding is made available and plans are completed (Student Residence, IT Security); (b) proceed with intended directions (major fundraising campaign – Gift Matching, Pension Plan Amendment), and; (c) provide for the risk of an unexpected future decline in grant support for on-going academic programming (Program Bridging).

A brief description of each internally restricted fund follows:

Endowment - Research and Library: investment income on the balance of this Fund is available to supplement the annual budgetary allocation to library acquisitions to meet extraordinary opportunities or needs.

Endowment – Bursary and Scholarship: investment income on the balance of this Fund is available to enhance the annual budgetary allocation to student awards derived from the externally restricted Endowment Fund and annual gifts and grants.

Endowment – French and English Support: investment income on the balance of this Fund is available to supplement the annual budgetary allocation to support services to upgrade French and English literacy amongst CSB students.

Endowment – Gift Matching: investment income on the balance of this Fund is available to supplement annual budgetary allocations in support of annual fund-raising activities, to meet extraordinary opportunities as such may arise.

Endowment – Non-building Capital Assets: investment income on the balance of this Fund is available to supplement annual budgetary allocations to academic and administrative technology purchases, to provide the opportunity to seize extraordinary opportunities and meet unexpected requirements. Withdrawals will be reimbursed within two years, given sufficient unrestricted funds.

Special Purpose, On-going – Recruitment and Marketing: withdrawals may be made to facilitate unexpected opportunities with respect to student and faculty recruitment, and advance marketing initiatives. Withdrawals will be reimbursed within two years, given sufficient unrestricted funds.

Special Purpose, On-going – Administrative Restructuring: CSB will be engaging additional administrative personnel in response to recommendations made by the Auditor General. Offices, furniture, furnishings and equipment will be required to support the new staff positions. This Fund will supplement the annual budgetary allocation for non-major capital acquisitions, to support the equipping of these additional administrative resources. Once this Fund is depleted, it will be closed.

Special Purpose, On-going - Equipment Repair and Replacement: withdrawals from this Fund may be made to meet unexpected equipment repair and replacement requirements. Withdrawals will be reimbursed within two years, given sufficient unrestricted funds.

Special Purpose, On-going – Legal Contingency: this Fund is available to meet legal expenses arising out of unanticipated events. Withdrawals will be reimbursed within five years, given sufficient unrestricted funds.

Special Purpose, On-going – Employee Contractual Provisions: study and sabbatical leaves are available to faculty members pursuant to the collective agreement. Each year, a budget is established to meet anticipated costs for the forthcoming fiscal year. This Fund is available to meet unexpected and related costs, which may occur due to timing differences and other factors. Withdrawals will be reimbursed within three years, given sufficient unrestricted funds.

Special Purpose, Future Purpose - Pension Plan Amendment: this Fund is available to facilitate the amendment of the current pension plan to provide Plan members with the option of an annuity. Research related to such an amendment will be conducted in fiscal 2003-2004. If the amendment is implemented, the balance of this Fund may be found to be inadequate, requiring an additional transfer from the unrestricted fund balance. The Board of Governors is not bound to implement such an Amendment regardless of the results of the research.

Special Purpose, Future Purpose – Student Residence: in the future, CSB intends to develop a new Student Residence. Currently, CSB residence space is available for only 5% of its students, insufficient for an educational institution that has the highest proportion of foreign students of Manitoba`s universities. Generally speaking, capital projects funded by the provincial government require a contribution from the institution.

Special Purpose, Future Purpose – Gift Matching: CSB intends to mount a major fund-raising campaign at some future point in time; this Fund provides the financial ability to support such an effort.

Special Purpose, Future Purpose – IT Security: CSB intends to upgrade the security of its technology functions and processes, and this Fund sets aside funds to research requirements and opportunities.

Special Purpose, Future Purpose – Program Bridging: program expenditures are primarily fixed cost in nature, funding reductions could not be quickly matched by expenditure reductions. This Fund provides financial security for CSB, enabling it to plan and implement programming of a long-term nature with funding assured only on a short-term renewable basis.

13. Restatement of Prior Year

Previously, CSB did not record all restricted contributions as revenue in the year received; some contributions were reported as revenue only when expenditures related to the revenue were incurred. Canadian generally accepted accounting principles requires all restricted contributions, with a few exceptions not involved in these cases, to be recorded as revenue in the year received.

Accordingly, CSB has reduced the balance of deferred contributions as of March 31, 2001 and reported revenue related to these contributions as of fiscal 2000-2001.

This change has had the effect of increasing the opening balance of unrestricted funds as of March 31, 2002, by $812,000.

14. Estimates

The preparation of financial information requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

15. Comparative Figures

Certain of the prior year comparative figures have been reclassified to conform to the current year's presentation.

COLLÈGE DE SAINT-BONIFACE
Detailed Schedule of Financial Position by Funds

As at March 31, 2003

	General Operations $000	Capital Asset $000	Endowment $000	2003 $000	2002 $000
Assets					
Current Assets					
Cash and Cash Equivalents (Note 3)	18,651	-	727	19,378	18,622
Accounts Receivable and Other Assets	1,718	-	145	1,863	2,025
	20,369	-	872	21,241	20,647
Capital Assets (Note 4)	-	9,839	-	9,839	6,742
Interfund Balance	(5,116)	-	5,116	-	-
	15,253	9,839	5,988	31,080	27,389
Liabilities and Fund Balances					
Current Liabilities					
Accounts Payable and Accrued Liabilities	2,651	-	4	2,655	2,503
Deferred Income	372	-	-	372	657
Deferred Contributions (Note 5)	1,721	-	-	1,721	2,952
	4,744	-	4	4,748	6,112
Fund Balances					
Unrestricted	1,439	-	-	1,439	8,011
Internally Restricted (Note 12)	9,070	-	-	9,070	1,175
Investments in Capital Assets	-	9,839	-	9,839	6,742
Endowment	-	-	5,984	5,984	5,349
	10,509	9,839	5,984	26,332	21,277
	15,253	9,839	5,988	31,080	27,389

COLLÈGE DE SAINT-BONIFACE
Detailed Schedule of Operations by Funds

For the Year Ended March 31, 2003

	General Operations $000	Capital Asset $000	Endowment $000	2003 $000	2002 $000
Revenues					
Federal Grants	3,450	1,795	-	5,245	3,519
Provincial Grants	8,965	1,170	-	10,135	9,034
Tuition Fees	2,563	-	-	2,563	2,485
Gifts, Grants and Bequests	-	-	772	772	622
Investment Income	730	-	207	937	1,038
Other Revenues	1,185	-	130	1,315	834
	16,893	2,965	1,109	20,967	17,532
Expenses					
Salaries	10,299	-	50	10,349	9,321
Employee Benefits	1,284	-	4	1,288	1,234
Supplies, Service and Other Expenses	3,356	-	105	3,461	3,064
Building, Utilities and Related Expenses	286	-	-	286	267
Scholarships and Awards	271	-	178	449	436
Travel and Conferences	208	-	2	210	183
Amortization of Capital Assets	-	808	-	808	698
	15,704	808	339	16,851	15,203
Excess of Revenues Over Expenses before Extraordinary Items	1,189	2,157	770	4,116	2,329
Extraordinary Items (Note 11)	939	-	-	939	-
Excess of Revenues Over Expenses	2,128	2,157	770	5,055	2,329

COLLÈGE DE SAINT-BONIFACE
Detailed Schedule of Operations of the General Operations Fund

For the Year Ended March 31, 2003

	Universitaire $000	École technique et professionnelle $000	Éducation permanente $000	Fonds administratif $000	Institut Joseph-Dubuc $000	Centre de recherche $000	d'études franco-canadiennes de l'ouest $000	2003 $000	2002 $000
Revenues									
Federal Grants	-	734	155	2,408	146	7	-	3,450	3,144
Provincial Grants	6,449	1,511	80	925	-	-	-	8,965	8,034
Tuition Fees	1,789	291	483	-	-	-	-	2,563	2,485
Gifts, Grants and Bequests	-	-	-	-	-	-	-	-	-
Investment Income	-	-	-	730	-	-	-	730	790
Other Revenues	60	3	312	518	231	60	1	1,185	788
	8,298	2,539	1,030	4,581	377	67	1	16,893	15,241
Expenses									
Salaries	5,390	1,559	701	2,272	340	37	-	10,299	9,285
Employee Benefits	722	194	83	239	40	6	-	1,284	1,231
Supplies, Service and Other Expenses	1,712	452	241	923	7	20	1	3,356	3,008
Building, Utilities and Related Expenses	178	40	11	37	20	-	-	286	267
Scholarships and Awards	1	1	2	267	-	-	-	271	273
Travel and Conferences	95	18	10	72	11	2	-	208	182
Amortization of Capital Assets	-	-	-	-	-	-	-	-	-
	8,098	2,264	1,048	3,810	418	65	1	15,704	14,246
Excess of Revenues over Expenses	200	275	(18)	771	(41)	2	-	1,189	995
Extraordinary Items	105	-	-	834	-	-	-	939	-
Excess of Revenues (Expenses)	305	275	(18)	1,605	(41)	2	-	2,128	995